

## May 30, 2009 - Showcase for Commerce: Amid Big Contract Awards, Real Estate Deal has Impact

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Showcase for Commerce: Amid big contract awards, real estate deal has impact

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News of \$110 million in government contracts bringing dozens of new local jobs was eclipsed by a bigger announcement Friday morning at a Showcase for Commerce press conference.

The big news involved a real estate deal that will allow two local companies to expand operations, creating as many as 200 jobs, Lockheed Martin AeroParts and Concurrent Technologies Corp. leaders announced.

"That is a great opportunity for our company," said Ed Sheehan, CTC president and chief executive officer.

"It also means that Lockheed Martin can grow in this community."

By consolidating operations into two buildings at Johnstown Area Regional Industries industrial park in Richland Township, CTC can use earnings from the sale of a third building to hire 100 employees, Sheehan said.

Another 25 to 30 jobs will be created through \$66 million in new government contracts announced Friday for CTC.

The usual Showcase for Commerce list of contracts for CTC included a \$16 million extension with the Marine Corps and a partnership potentially worth \$50 million over five years.

Others on the list were a \$20 million contract for Martin-Baker America to continue making parts and begin assembling aircraft ejection seats at its Walters Avenue facility and a \$24 million contract for JWF Defense Systems to continue making components for tanks and other tracked vehicles.

The CTC-Lockheed Martin building swap will benefit both organizations, Sheehan said. Eliminating one building will save overhead and require CTC to be more efficient.

"We will decrease our operating expenses, which will increase our market competitiveness and position CTC for expected growth in Johnstown and other locations," Sheehan said.

An applied scientific research and development organization, CTC has specialized in providing management solutions and other software for the defense industry, but is now exploring other areas, Sheehan said.

Health care, alternative fuels, cyber security and homeland security are all potential growth areas, he said.

By expanding into the current CTC's space, Lockheed Martin will gain needed capacity to increase production of components for its C-130J Super Hercules transport aircraft, F-35 Lightning II stealth fighter and others, said Rebecca Styles, president and general manager of Lockheed Martin AeroParts.

The company's Super Hercules production will triple from one a month to three each month next year, Styles said. The Lightning is still approaching full production, so it's too early to say how much work that will add in Johnstown. Lockheed Martin's local employment just surpassed 200 workers, she said.

Friday's press conference was hosted by U.S. Rep. John Murtha, who credited local workers and low expenses for the defense industry's prosperity in Johnstown.

"The work force itself is the key," Murtha said. "They are coming here because of the savings."

The largest contract announced was a \$16.4 billion "contract vehicle" in which CTC is a subcontractor to a New Jersey company, R4 Inc. Working with CTC and other partners, R4 is on the short list of suppliers the Army can contract with on an abbreviated schedule for a variety of support service needs. When a new project comes up, Army command groups can ask for proposals from R4 and others on the short list of approved providers who will be better prepared to offer services at a reduced cost.

Sheehan said the partnership is an illustration of expanding the network of military contractors for the United States. As a small business, R4 earned the \$16.4 billion contract through a competitive process with help from CTC and other larger subcontractors.

"One of the important things we do is to team with small businesses to help make them more competitive, bring technological competencies to their team; to go after competitive procurements," Sheehan said.

"What CTC expects to get out of that as a subcontractor to R4 is approximately \$10 million a year. That work would be performed primarily in the Johnstown area. It is expected to create new jobs."

CTC also received a \$16 million, two-year contract extension of its Life Cycle Modeling Integrator Program to help Marine Corps leadership evaluate options by providing an overview of readiness.

"It will allow us to continue to help determine equipment status and readiness, sustainability information to formulate decisions for the Marine Corps," Sheehan said.

Murtha applauded the company's performance.

"CTC has a strong record of performance on projects that deliver innovative, quality solutions in support of both its government and commercial clients," Murtha said in the press release.

"This contract was awarded based on CTC's performance over the past eight years," Sheehan said. "This speaks to CTC's high level of commitment to our client as well as the U.S. Marine Corps Logistics Command's confidence in our work and accomplishment."

Martin-Baker's contract means that its ejection seats will be assembled in the United States for the first time. Previously, Martin-Baker America shipped the American-made parts to Martin-Baker UK's

assembly plants.

JWF's contract could lead to more hiring within the next year if the Army selects prototype components being manufactured at the Johnstown plant for full production, said William Polacek, JWF president and chief executive officer. The contract renewal announced Friday is a good sign.

"The government likes what we are doing," Polacek said. "We are awaiting a big award to go into (full) production."